



JUL 12 2005

The Honorable Phil Bredesen
Governor of Tennessee
State Capitol
Nashville, Tennessee 37243-0001

Dear Governor Bredesen:

It is with pleasure that I respond to the Commonwealth of Tennessee's requests for waivers of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and Sections 8-10 of the Wagner-Peyser Act. In the Strategic State Plan for Title I of the Workforce Investment Act and the Wagner-Peyser Act for the two-year period, July 1, 2005, through June 30, 2007, the state submitted three requests for waivers. The requests are written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c) and appear to meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the state's waiver submission (copy enclosed).

Requested Waiver 1: Extension of the waiver to use Individual Training Accounts (ITAs) for youth participants.

The state indicates that the continuation of this waiver would offer flexibility in using youth funds to provide training services to youth while retaining limited adult funds to be used on adult training services. The request further states that the waiver will allow local areas to enhance delivery of occupational skills training and increase customer choice for youth. Accordingly, the state is granted a waiver of the prohibition on the use of ITAs for older and out-of-school youth at 20 CFR 664.510 through June 30, 2007. The state should ensure that funds used for ITAs are tracked and reflected in the individual service strategies for these youth.

Requested Waivers 2 and 3: Waiver to omit the 6-month earnings increase measure for older workers age 55 and older and incumbent workers.

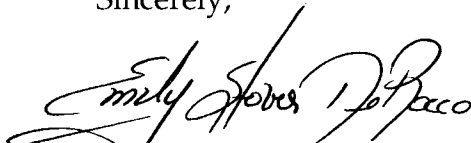
The state's requests for a similar waiver for two populations does not meet the higher standard for waiving the key WIA reform principle of increased accountability at 20 CFR 661.410(c). Accordingly, we cannot approve these requests. There is a mechanism in place to address the state's concerns without the need for a waiver. Provisions for negotiation and renegotiation of performance levels allow states to consider such factors as the characteristics of

participants. We also note that ETA is currently reviewing the earnings measure and will consider the state's concerns as part of this review.

As provided for under paragraph 3 of the executed Agreement, the granted waiver, which is included in the approved State Strategic Plan, is incorporated by reference into the state's WIA Grant Agreement. A copy of this letter should be filed with the state's WIA Grant Agreement and the state's Strategic Plan, as appropriate.

We look forward to continuing our partnership with you and achieving better workforce investment outcomes. We are prepared to entertain other state and local-level waiver requests that you may wish to submit, consistent with the provisions of the WIA statute and regulations.

Sincerely,



Emily Stover DeRocco

Enclosure